



State of Utah

Department of  
Natural Resources

ROBERT L. MORGAN  
*Executive Director*

Division of  
Oil, Gas & Mining

LOWELL P. BRAXTON  
*Division Director*

OLENE S. WALKER  
*Governor*

GAYLE F. McKEACHNIE  
*Lieutenant Governor*

June 24, 2004

James L. Barnes  
Wembco, Incorporated  
20231 Orchid  
Newport Beach, California 92660

Subject: Formal Approval of Form and Amount of Reclamation Surety,  
Wembco, Inc., "D" Tract Oil Sand Mine, S/047/068, Uintah County,  
Utah

Dear Mr. Barnes:

On June 21, 2004, the Director of the Division of Oil, Gas and Mining formally approved the form and amount of reclamation surety for Wembco, Inc.'s "D" Tract Oil Sand mine. The \$14,500 reclamation surety is in the form of a Certificate of Deposit issued by Zions Bank. ***The Division hereby grants its final approval of the reclamation surety.*** Copies of the signed and fully executed CD, CD cover letter and Reclamation Contract are enclosed for your records.

The Division previously approved an amendment to your Notice of Intention to Commence Small Mining Operations which clarifies that the operator is Wembco, Inc. There is one issue that remains to be resolved. Mary Ann Wright's February 9, 2004, letter to you says:

The additional disturbances, identified on the June 3, 2003, map as "reclaimable area" (0.76 acres), "recycling area" (0.64 acres), and "processing" (2.45 acres over and above the 0.48 acres in the mixing area), also need to be included as part of the permitted area. The warehouse and bagging area (1.61 acres) is not considered part of your mining operations and is exempt from regulation. You have indicated it should be possible to reduce the footprint from these disturbances, so before requiring additional bonding and permitting, we have decided to give you the opportunity to reclaim as much of these areas as possible. Please work with your inspector, Paul Baker, and other Division staff to determine the best ways of consolidating your operations and of reclaiming those areas that are no longer needed. Please have this



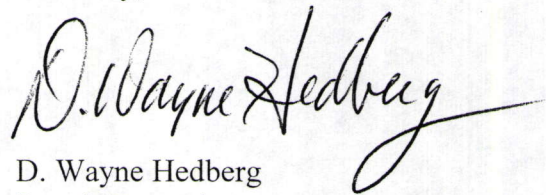
Mr. James Barnes  
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completed by May 31, 2004, and we will reevaluate the size of your disturbance after this date. Depending on the size of the remaining disturbance, additional bonding and permitting work may be required at that time.

Mr. Baker will contact Mr. Allred to arrange a site inspection and check the reclamation work and size of the remaining disturbance.

Thank you for your help in finalizing the bond and reclamation contract. Please contact Paul Baker directly, if you have any questions in this regard. For your information, beginning July 6, 2004, I will be transferring over to our coal regulatory program on a cross-training assignment. My replacement in the minerals program will be Daron Haddock. After July 6<sup>th</sup>, please contact Daron at (801) 538-5325 or Paul Baker at (801) 538-5261 if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink that reads "D. Wayne Hedberg". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

D. Wayne Hedberg  
Permit Supervisor  
Minerals Regulatory Program

DWH:PBB:jb  
Enclosure: Copy of RC & CD  
cc: Larry Allred, w/Encl  
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